



Montana Department of
ENVIRONMENTAL QUALITY

EXHIBIT 1
DATE 1-10-11
HB Org. Meeting

Brian Schweitzer, Governor
Richard H. Opper, Director

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Opencut Bonding Information

Richard Opper, Director, MDEQ
January 6, 2011

Currently, there are 59 opencut mine sites (private operators) requesting **full** bond release. Full bond release, generally speaking, means that the entire earthwork is completed and the site has adequate and appropriate vegetation. DEQ holds \$1,950,000 in bond for these 59 mine sites, and a site inspection is required to verify whether it meets the conditions that justify the bond release.

In addition to the full bond release requests, there are currently 20 **partial** bond release requests for opencut mine sites, including three bentonite mines. Partial bond release, generally speaking, means that a portion of the mine site is completely reclaimed, or that the entire earthwork is completed on the majority of a site and they are waiting on the vegetation to become established. The DEQ holds \$9,775,000 in bond for these sites. It should be noted that the bond for the three bentonite mines comprise approximately \$8,500,000 of that amount due to their size.

In accordance with Section 82-4-405, MCA, opencut bonding requirements do not apply to the federal government or its agencies, the state of Montana, counties, cities, or towns. DEQ, however, holds the government entity liable for the reclamation in the permitted mine area until they go through a liability release process similar to the bond release process. There are currently requests by governmental operators for **full** liability release on 42 sites and **partial** liability release on two sites.

In the summer of 2009, Opencut Staff inspected over 50 sites that were proposed for full bond release. Due to inadequate reclamation, DEQ was only able to release a handful of the sites. The Department found that most of the sites inspected were not ready for full, or in many cases, even partial bond release. Therefore, in order to try to improve efficiency with limited Opencut resources, in the spring of 2010, DEQ evaluated 2009 aerial photography for approximately 120 sites for which full bond release was requested. In June, 2010, the program sent out notice letters that approximately 70 of the sites will not be released due to the finding that significant areas of these sites have not been reclaimed. Based on the aerial photographs, the remaining approximately 50 sites appeared to be in a reasonable state of reclamation and program scientists have begun inspecting these as travel for permit/amendment applications allow.